Think in terms of funnels

FINANCIAL MODELING

LECTURE SUMMARY

Covered in this lecture:

How to think about user acquisition

- A funnel represents the distinct phases in which the customers are acquired
- When marketing your product and running ads, you have to measure how effective your ad campaigns are
- In order to do that, you look at a number of things:

  - the number of people who saw your ad
  - the number of people who clicked it
  - the number of people who stayed on the page
  - the number of people who put an item in their cart
  - the number of people who ended up purchasing something
- The number in each phase gets smaller and smaller, which means you can display this process in a shape that looks like a funnel
- Thinking in terms of funnels helps you organize customer behaviors in a linear and logical step by step process

See you next lecture!